

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

PAID UP OIL AND GAS LEASE

(No Surface Use)

| THIS LEASE AGREEMENT is made to | this day | of TUNE | , 2008, by and between | |
|---|--|--|---|--|
| Epifanio Jaime | | Martha Jam | , , =================================== | |
| | tzhugh AUE | NIE /28-1112 | H TEXAS 71.105 | |
| and, DALE PROPERTY SERVICES, L.L.C. | 2100 Ross Avenue, Suite | 1970 Dallac Toyac 76201 pelic | sepon. All printed portions of this lease were negreed by the | ssor, party |
| hereinabove named as Lessee, but all other 1. In consideration of a cash bonus described land, hereinafter called leased pro | s in hand haid and the cover | ipietion of blank spaces) were pre- nants herein contained, Lessor hi | pared jointly by Lessor and Lessee. ereby grants, leases and lets exclusively to Lessee the folio | wing |
| 258 ACRES OF LAND, MO | ORE OR LESS, BEING | LOT(S) | ,BLOCK 2 | |
| OUT OF THE COLONIAS | F MA A | | ADDITION AN ADDITION TO THE CITY | OF |
| IN VOLUME 388 - A | , PAGE, SARRAI | NT COUNTY, TEXAS, AC OF THE PLAT R | CORDING TO THAT CERTAIN PLAT RECORD ECORDS OF TARRANT COUNTY, TEXAS. | ED |
| in the County of Tarrant, State of TEXAS | S containing "258 | arnee acree, more or less line | luding any interests therein which Lessor may hereafter acquir | bu |
| reversion, prescription or otherwise), for the substances produced in association there commercial gases, as well as hydrocarbon land now or hereafter owned by Lessor with Lessor agrees to execute at Lessee's reque | te purpose of exploring for, dewith (including geophysical/s gases. In addition to the abuse are contiguous or adjacents any additional or supplements. | eveloping, producing and marketi eismic operations). The term "g ove-described leased premises, to to the above-described leased p ortal instruments for a more comple | inducing any interests therein which Lessor may hereafter acquiring oil and gas, along with all hydrocarbon and non hydrocagas" as used herein includes helium, carbon dioxide and on its lease also covers accretions and any small strips or parcepremises, and, in consideration of the aforementioned cash boate or accurate description of the land so covered. For the purpall be deemed correct, whether actually more or less. | arbon other els of |
| 2. This lease, which is a "paid-up" lea | ase requiring no rentals, shall | he in force for a primary term of | FIVE (5)years from the date hereof, an | nd for |
| as long thereafter as oil or gas or other sub- otherwise maintained in effect pursuant to the | stances covered hereby are p | roduced in paying quantities from | the leased premises or from lands pooled therewith or this lea | ise is |
| the wellhead market price then prevailing in prevailing processors credit prevailing processors credit production of similar production, severance, or other excise taxe Lessee shall have the continuing right to pure no such price then prevailing in the same fit the same or nearest preceding date as the more wells on the leased premises or lands are waiting on hydraulic fracture stimulation be deemed to be producing in paying quanthere from is not being sold by Lessee, the Lessor's credit in the depository designated while the well or wells are shut-in or producing is being sold by Lessee from another well. | at the oil purchaser's transpor in the same field (or if there is grade and gravity; (b) for grade and gravity; (b) for grade and the costs incurred by Lurchase such production at the ield, then in the nearest field it date on which Lessee commes a pooled therewith are capable, but such well or wells are eith tities for the purpose of mainten Lessee shall pay shuf-in ind below, on or before the endiction there from is not being so or wells on the leased premise. | intation facilities, provided that Les is no such price then prevailing in ass (including casing head gas) is realized by Lessee from the sessee in delivering, processing of a prevailing wellhead market price in which there is such a prevailing ences its purchases hereunder; and of either producing oil or gas or content of the shut-in or production there from the shut-in or production there are shut-in or production that if this less or lands nooled therewith, no see an area of the shut-in or production that if this es or lands nooled therewith, no see a single production that if this less or lands nooled therewith. | ee to Lessor as follows: (a) For oil and other liquid hydrocan %) of such production, to be delivered at Lessee's optic see shall have the continuing right to purchase such production the same field, then in the nearest field in which there is sure and all other substances covered hereby, the royalty shall thereof, less a proportionate part of ad valorem taxes otherwise marketing such gas or other substances, provided paid for production of similar quality in the same field (or if the price) pursuant to comparable purchase contracts entered in d (c) if at the end of the primary term or any time thereafter or their substances covered hereby in paying quantities or such in is not being sold by Lessee, such well or wells shall neverther 90 consecutive days such well or wells are shut-in or production or before each anniversary of the end of said 90-day period lesse is otherwise being maintained by operations, or if production royalty shall be due until the end of the 90-day period tender Lessee liable for the amount due, but shall not operations. | on at uch a all be and I that ere is to on me or wells eless uction or to beriod uction I next |
| be Lessor's depository agent for receiving part and such payments or tenders to Less address known to Lessee shall constitute payment hereunder, Lessor shall, at Lessee 5. Except as provided for in Paragraphemises or lands pooled therewith, or if a pursuant to the provisions of Paragraph (nevertheless remain in force if Lessee comon the leased premises or lands pooled the the end of the primary term, or at any time operations reasonably calculated to obtain no cessation of more than 90 consecutive there is production in paying quantities from Lessee shall drill such additional wells on the leased premises from uncompensated drain additional wells on the additional paying payments and the states of the second paying quantities from Lessee shall drill such additional wells on the leased premises from uncompensated drain additional wells appeared to the payments of the payments of the payments are proposed to the payments. | payments regardless of chang- sor or to the depository by de- proper payment. If the deposition is proper payment. If the deposition is proper payment. If the deposition is production (whether or not 6 or the action of any governamences operations for rework- prewith within 90 days after co- be thereafter, this lease is not or restore production therefror days, and if any such operat- ment the leased premises or lands pro- formations then capable of pro- nage by any well or wells located bersing. | es in the ownership of said land. A posit in the US Mails in a stamped tory should liquidate or be succeed a proper recordable instrument nail well which is incapable of producit in paying quantities) permanently mental authority, then in the eving an existing well or for drilling impletion of operations on such drotherwise being maintained in force, this lease shall remain in force ions result in the production of oil its pooled therewith. After completioned therewith as a reasonably producing in paying quantities on thated on other lands not pooled the | edit in <u>at lessor's address above</u> or its successors, which ill payments or lenders may be made in currency, or by check denvelope addressed to the depository or to the Lessor at the ded by another institution, or for any reason fail or refuse to a ming another institution as depository agent to receive paymer ing in paying quantities (hereinafter called "dry hole") on the lety ceases from any cause, including a revision of unit bound ent this lease is not otherwise being maintained in force it an additional well or for otherwise obtaining or restoring production. If y hole or within 90 days after such cessation of all production, to be used to the end of a difficult or as any one or more of such operations are prosecuted or gas or other substances covered hereby, as long thereaft tion of a well capable of producing in paying quantities hereu released premises or lands pooled therewith, or (b) to protect the eleased premises or lands pooled therewith, or (b) to protect the eleased premises or lands protect the eleased premises as to any other lands or interests as to any | or by e last ccept its. eased taries shall action If at other d with ter as ander, ances ct the or any |
| depths or zones, and as to any or all subsproper to do so in order to prudently develounit formed by such pooling for an oil well horizontal completion shall not exceed 640 completion to conform to any well spacing of the foregoing, the terms "oil well" and "grescribed, "oil well" means a well with an ifeet or more per barrel, based on 24-hou equipment; and the term "horizontal component thereof. In exercising its pooli Production, drilling or reworking operation reworking operations on the leased premising according to the sease and includes the sease. Pooling in one or more instances unit formed hereunder by expansion or coprescribed or permitted by the government making such a revision, Lessee shall file o | stances covered by this lease op or operate the leased prem which is not a horizontal compactes plus a maximum acrea or density pattern that may be gas well" shall have the mean initial gas-oil ratio of less than ur production test conducted pletion" means an oil well in whiction" means an oil well in whiction" means an oil well in whiction in a unit which has, except that the production cluded in the unit bears to the shall not exhaust Lessee's protraction or both, either befortal authority having jurisdiction frecord a written declaration if from the unit by virtue of study | e, either before or after the commises, whether or not similar poolin pletion shall not exceed 80 acres ge tolerance of 10%; provided that a prescribed or permitted by any gings prescribed by applicable law 100,000 cubic feet per barrel and under normal producing condition which the horizontal component of shall file of record a written declaincludes all or any part of the less on on which Lessor's royalty is calculated and the coloning rights hereunder, and Lessor or or after commencement of promotion of the conformation of the proposition of the proposition of the proposition of the programment of the programmen | or interest therein with any other lands or interests, as to any rencement of production, whenever Lessee deems it necesse g authority exists with respect to such other lands or interests, plus a maximum acreage tolerance of 10%, and for a gas well a larger unit may be formed for an oil well or gas well or horizovernmental authority having jurisdiction to do so. For the purious or the appropriate governmental authority, or, if no definition ingas well means a well with an initial gas-oil ratio of 100,000 and using standard lease separator facilities or equivalent to of the gross completion interval in facilities or equivalent to the gross completion interval in the reservoir exceeds the wireation describing the unit and stating the effective date of poseed premises shall be treated as if it were production, drillial usided shall be that proportion of the total unit production which but only to the extent such proportion of unit production which but only to the extent such proportion of unit production is seen shall have the recurring right but not the obligation to revision diduction, in order to conform to the well spacing or density per acreage determination made by such governmental authorical acreage determination made by such governmental authorical acreage determination of the extent any portion reconstruction on which royalties are payable hereunder shall the cessation thereof, Lessee may terminate the unit by filing of an antitute a cross-conveyance of interests. | I The lit or a zontal rpose is so cubic esting ertical coling. ing or ch the cold by eattern ty. In of the reafter |

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lesson's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises 8. The interest of either L

The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalities hereunder, Lessee may pay or tender such shut-in royalities to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferree to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to

pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the red covered hereby the reduced hereby the r

in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises. store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights grantes herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority.

equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Leasee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.

Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease proceives a bone fide offer which Lessor is willing to accent from any party offering to nurchase from

Lessee snail not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default and Lessee fails to remedy the breach or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination that the price of the price of the price of the order of the price of t

time after said judicial determination to remedy the breach or default and Lessee fails to do so.

time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until lessor's title, and the payment of royalties and shut-in royalties hereunder, without interest, until lessor's the payment of royalties and shut-in royalties hereunder, without interest, until lessor's title, bear the payment of royalties and shut-in royalties hereunder, without interest, until lessor's the payment of royalties and shut-in royalties hereunder, without interest, until lessor's the payment of royalties and shut-in royalties hereunder. Lessee has been furnished satisfactory evidence that such claim has been resolved.

Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

operations

LESSOR (WHETHER ONE OR MORE)

October 24, 2010

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original. DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which lessee has or may pendials with any other lessors of the second of the secon which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

mortha Jame PHANIO Jaime EPIFANIO JAIME ACKNOWLEDGMENT STATE OF TEXAS THERWY COUNTY OF 2008. his instrument was acknowledged before me on the day of KENNETH L. HURST SR My Commission Expires Notary's name (printed) October 24, 2010 Notary's commission expires: TEXAS STATE OF COUNTY OF TAPPANT This instrument was acknowledged before me on the enreth 4 Herst. KENNETH L. HURST SR My Commission Expires Notary's name (printed):

Notary's commission expires



DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9

DALLAS

TX 75201

Submitter: DALE RESOURCES LLC

SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

<u>DO NOT DESTROY</u> <u>WARNING - THIS IS PART OF THE OFFICIAL RECORD.</u>

Filed For Registration: 06/27/2008 10:48 AM Instrument #: D208248459
LSE 3 PGS \$20.00

D208248459

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Printed by: DS